Note for Schwartz, Andrew

From: Schwartz, Andrew

Date: Mon, Aug 2, 1993 3:20 PM

Subject: Stop & Go Volume - Texas

To: Thornton, Gary

Cc: Gawronski, Edward; Whalen, Roy

File(s): TEXAS DATA CHECK; TEXAS NCS; TEXAS VOLUME % CHANGE

Gary-
After reviewing the volumes and trends in NCS Texas markets, we would conclude that Industry volumes are up strongly and Marlboro volumes were flat to declining since summer 1992. While the Masters program may have helped NCS, we could not offer supporting evidence based upon available data. Three files are enclosed for your review detailing NCS volume, % change and trend for each of the Texas markets on the database.

Much like the rest of the country, NCS volumes throughout1992 were growing as a function of trade class shifting from carton to pack outlets. These Discount oriented trade class shifters tended not to be Marlboro smokers, and therefore, added to Discount volume in pack outlets disproportionately. Broader availability of inexpensive Deep Discount alternatives in pack outlets along with mfgr. price increases, smoker desires to lower consumption and a recessionary economy during 1992 have collectivey contributed to the on-going smoker shift from carton outlets to pack purchases in pack outlets. It should be interesting to see what impact the MLP/PRP programs may have on smoker shift to packs.

Good to hear from you the other day, pls call if you would like to discuss.

Best Regards-
Andrew

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